

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF PUERTO RICO

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In re:

PROMESA  
Title III

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

No. 17 BK 3283-LTS

THE COMMONWEALTH OF PUERTO RICO,  
et al.,

(Jointly Administered)

Debtors.<sup>1</sup>  
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NOTICE OF CORRESPONDENCE RECEIVED BY THE COURT

The Court has received and reviewed the attached correspondence, described below, from interested persons in the above-captioned cases. Although the Court cannot respond individually to all of those who have expressed their thoughts or concerns, the Court is deeply mindful of the impact of the fiscal crisis on lives, institutions, and expectations, and of the importance of the issues that are raised in these unprecedented cases.

1. Letter dated September 10, 2021 from Los Empleados Previamente Firmantes
2. Letter dated September 14, 2021 from Sara Maria Meyer Comas
3. Letter dated September 16, 2021 from Glenn E. Ryhanych.

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<sup>1</sup> The Debtors in these title III cases, along with each Debtor's respective title III case number listed as a bankruptcy case number due to software limitations and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (the "Commonwealth") (Bankruptcy Case No. 17-BK-3283 (LTS)) (Last Four Digits of Federal Tax ID: 3481), (ii) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17-BK-3566 (LTS)) (Last Four Digits of Federal Tax ID: 9686), (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17-BK-3567 (LTS)) (Last Four Digits of Federal Tax ID: 3808), (iv) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17-BK-3284 (LTS)) (Last Four Digits of Federal Tax ID: 8474); (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17-BK-4780) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority ("PBA") (Bankruptcy Case No. 19-BK-5233-LTS) (Last Four Digits of Federal Tax ID: 3801).

4. Letter dated September 27, 2021 from Leyda Mercado
5. Letter dated September 28, 2021 from Carmencita Vargas.
6. Email dated October 21, 2021 from Mike Fellman.

Dated: October 22, 2021

10 de septiembre de 2021  
*September 10th, 2021*

**Sr. Reynaldo Paniagua Látimer**

Director Ejecutivo del Centro de Recaudaciones de Ingresos Municipales (CRIM)  
*Executive Director of the Municipal Revenue Collection Center (CRIM)*

**Sr. Omar D. Rivera Meléndez**

Director de Recursos Humanos del Centro de Recaudaciones de Ingresos Municipales (CRIM)  
*Human Resources Director of the Municipal Revenue Collection Center (CRIM)*

**Hon. Pedro Pierluisi**

Gobernador de Puerto Rico  
*Governor of Puerto Rico*

**Hon. José Luis Dalmau**

Presidente del Senado de Puerto Rico  
*President of the Senate of Puerto Rico*

**Hon. Rafael Hernández Montañez**

Presidente de la Cámara de Representantes  
*President of the House of Representatives*

**Ms. Natalie Jaresko**

Directora Ejecutiva de la Junta de Control Fiscal  
*Executive Director of the Financial Oversight and Management Board for Puerto Rico*

**Hon. Laura Taylor Swain**

Juez del Tribunal de Distrito de los Estados Unidos  
*United States District Judge*

**Sr. Jesús Edgardo Colón Berlingeri**

Presidente de la Junta de Gobierno del Centro de Recaudaciones de Ingresos Municipales (CRIM) y  
Alcalde de Orocovis  
*Governing Board President of the Municipal Revenue Collection Center (CRIM) and Mayor of Orocovis*

***Junta del Trabajo Federal***

Estimados señores:  
*Dear Ladies and Gentlemen:*

Somos un grupo de empleados comprometidos con la agencia que hemos dado el máximo durante los últimos cuatro o cinco años, poniendo todo nuestro empeño en continuar sirviendo a

nuestros municipios y a nuestro país. Esta razón es la que nos motiva nuevamente a llamar su atención, haciendo mención a nuestra primera comunicación.

*We are a group of employees committed to the agency that we have given the maximum during the last four or five years, putting all our efforts to continue serving our municipalities and our country. This reason is what motivates us again to get your attention, mentioning our first communication.*

Queremos añadir a los antes mencionados reclamos, el deseo que se atiendan los reclamos de los compañeros que se aprestan a la jubilación y que se les pueda cumplir como ellos han cumplido con este país.

*We want to add to the aforementioned claims, the desire that the claims of the colleagues who are preparing for retirement be addressed and that they can be fulfilled as they have fulfilled with this country.*

También queremos señalar que en los últimos días diferentes alcaldes le han gratificado o recompensado a sus empleados económicamente, por haber trabajado durante la pandemia tanto presencial como de forma remota. Nosotros al ver este gesto de parte de los alcaldes, a los cuales esta Agencia también les sirve, pensamos que nosotros somos menospreciados. Sin pensar que muchos de nosotros nos estamos afectando mental y psicológicamente, pues ante los riesgos que afrontamos ante la pandemia continuamos al pie del cañón. El hecho es que varias de las regiones han tenido que cesar operaciones por brotes o empleados con Covid. No obstante, también el alza en todos los renglones económicos y habiendo una Ley del salario mínimo a nivel federal, la Agencia no ha hecho ningún anuncio al respecto.

*We also want to point out that in recent days different mayors have rewarded their employees financially, for having worked during the pandemic both in person and remotely. When we see this gesture on the part of the mayors, to whom this Agency also serves, we think that we are despised. Without thinking that many of us are affecting ourselves mentally and psychologically, because in the face of the risks we face in the face of the pandemic, we continue at the foot of the canyon. The fact is that several of the regions have had to cease operations due to outbreaks or employees with Covid. However, also the increase in all economic lines and having a minimum wage law at the federal level, the Agency has not made any announcement in this regard.*

Queremos recalcar que nuestra Agencia no depende de asignaciones externas y que generamos nuestros propios ingresos. Solo queremos que se nos haga justicia y no sentirnos menospreciados y temerosos a que se tomen represalias contra nosotros. Solo pedimos lo que nos corresponde y lo que se nos quitó sin ningún tipo de notificación oficial y sin haber utilidad y destino.

*We want to emphasize that our Agency does not depend on external assignments and that we generate our own income. We just want to see justice done to us and not feel slighted and fearful of retaliation against us. We only ask for what corresponds to us and what was taken from us without any kind of official notification and without any use and destination.*

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Page 3

Sin nada más, quedamos en espera de sus respuestas.

*With nothing further, we will be waiting for your answers.*

Cordialmente,

*Cordially,*

LOS EMPLEADOS PREVIAMENTE FIRMANTES

A solid black rectangular redaction box covering the names of the employees who previously signed the document.



17 de septiembre de 2021  
Mayagüez, P.R.

Honorable juez Laura Taylor Swain:

Saludos cordiales. Le escribo pues sé y confío en que usted es la persona que puede ayudar al pueblo de Puerto Rico y sus compatriotas. Soy Sara María Meyer Comas maestra retirada del Departamento de Educación de Puerto Rico. Estudié en escuelas públicas y mi preparación universitaria también la hice en la universidad pública en la UPR-Mayagüez y en la UPR-Río Piedras. Trabajé durante 31 años y 10 meses como maestra de matemáticas y de valores, haciendo currículos de matemáticas, como Coordinadora de evaluación y mis últimos 10 años regresé al salón de clases a dar clases.

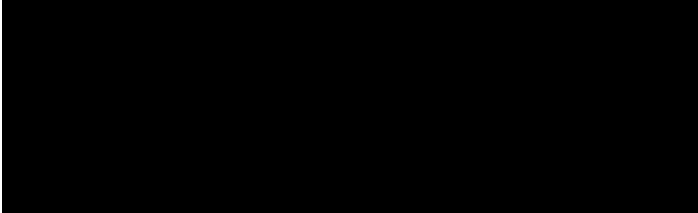
Me retiré en el 2003 (15 de agosto) a los 51 años pues me quedé sin voz por una condición de disfonía espasmódica. Luego de retirarme sólo cogí un beneficio del 2% de aumento a la pensión en el 2006, el cual lo daban por ley, por el aumento en el costo de vida. Luego de ese aumento eliminaron ese beneficio al igual que el bono de verano y nos bajaron el bono de Navidad de \$1,000 a \$200. Sólo nos dejaron el bono de Medicinas, \$100 en verano.

Mis gastos cada vez son mayores, pues el costo de vida sigue subiendo. Además la salud se me complicó con un cáncer de estómago, el cual logré superar después de coger radioterapia. Los maestros sólo contamos con nuestra pensión pues nunca se nos permitió pagar el Seguro Social.

En los últimos 4 años hemos sido impactados por huracanes, temblores y ahora la pandemia. Confiábamos que la Ley Promesa y la Junta de Control Fiscal nos ayudaran a salir de la quiebra pero no ha sido así. Ellos han gastado de lo poco que le quedaba al Gobierno de Puerto Rico en sus sueldos y viajes como el sueldo y los beneficios marginales de la Sra. Natalie Jaresko. Ahora quieren recortar nuestras pensiones. Por favor no permita que deroguen la Ley 7 de Retiro Digno, pues siempre pagamos los que más hemos trabajado y menos recursos tenemos. A mi no me ha llegado material en español (ni en inglés) que se supone me llegue para votar por lo que proponen la Junta de Control Fiscal.

Agradezco anticipadamente su gestión al respecto. Confío en usted y en su buen juicio. Espero si es posible su respuesta a esta.

Cordialmente,  
Sra. María Meyer Comas





**BLUELIST**

Partners, LLC

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SAN JUAN, P.R.

September 16, 2021

## ***"Non-Callable", Insured Puerto Rico Bonds: Yield-To-Worst?"***

### ***Introduction and Bonds used for Explanation Purposes:***

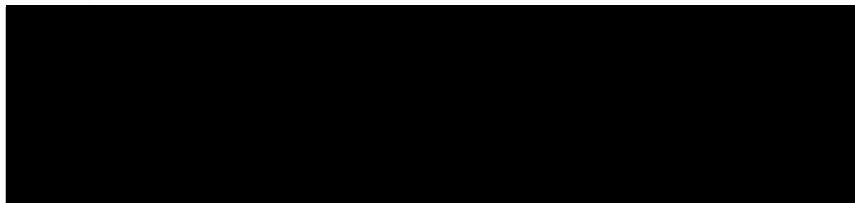
I wish to inform the Title III court and other relevant parties that certain **insured** Puerto Rico bonds, **originally** issued as non-callable and at a premium price to par, are being treated unfairly relative to other bond types or structures. This assertion is in respect to the acceleration provision for insured bonds, at an **acceleration price of 100% of principal**. The provision is found in the proposed GO/PBA/HTA & PRIFA Support Agreements (PSAs).

To illustrate, I will use a Puerto Rico Highway & Transportation (HTA), series CC bond, dated 3/06/07 (745181C70). The bond has a stated coupon rate of 5.25% maturing 7/1/2034 and was originally priced at a premium of 116.602 or \$1,166.02 per \$1,000 par. The stated yield to maturity and **yield to worst** was 4.22%. In addition, the bond was issued as non-callable and insured by FSA insurance, which was subsequently purchased by Assured Guaranty Corp.

For comparison purposes, the 2007 series CC bonds also included a Capital Appreciation Bond (CAB) maturing 7/1/27 (745181B89), issued as non-callable. This bond was priced at 39.846 to yield 4.58%. This CAB was not insured as of the original issue date, but a portion was subsequently re-insured by National and AMBAC insurance (745181E78, 745181F93).

### ***Defining "Principal":***

The term principal does not have a specific definition, and it is not clear how it is defined in the PSAs. Most commonly, it is defined as *the amount of money originally invested or loaned, on which basis interest and returns are calculated*.





**Equal Treatment:**

*Regarding insured bonds, the respective PSAs state that such plans will include a provision providing that payment of principal on the insured bonds is accelerated at an "acceleration price" of 100% of the principal thereof plus accrued interest (or, in the case of any capital appreciation bonds (CABs), the compounded amount thereof) to the date of payment.*

Let's review three bond structures. While bond A is for illustration purposes only, bonds B and C, as I mentioned, are actual HTA 2007 series CC bonds.

- A. Bond originally issued at par to yield 4.22%. **Principal amount equals par or face value.** On the PSA effective date, the bonds are accelerated at 100% of principal, which in this example is the same as the par or face amount, and the bondholder is kept "whole" gaining their 4.22% yield which was the original yield and the yield earned up to the date of acceleration.
- B. Capital Appreciation Bond originally issued at a discount to yield 4.58%. This bond, per the PSA acceleration language, is compounded at the 4.58% stated rate over the holding period up to the acceleration or PSA effective date. The bondholder is kept "whole" as the yield to the date of acceleration is 4.58%, as originally stated.
- C. Bond originally issued at a premium to par or face value. Puerto Rico HTA 5.25% 7/1/34 issued at 116.602 to yield 4.22% and non-callable. If we assume a HTA PSA effective or acceleration date of 6/1/22 and an acceleration price of 100% of principal (**where principal equals face amount or par**) then the yield on this bond would be 3.81%, not the original yield of 4.22% – an annual yield reduction of 40 basis points! In this case the bondholder is not kept "whole". As currently written, the PSA's acceleration language appears to discriminate against the premium bond by altering the yield to worst, which is not the case with bond A or B. For A & B to equal C, the acceleration price on this premium bond, as of 6/1/22, would need to be 111.53 which produces the 4.22% yield up to the date of acceleration. Alternatively, for bond A to equal C, with respect to yield at acceleration, the holder of the par bond would receive 91.625, not par, to produce the same 3.81% yield earned on the premium bond. Over the premium bond's life, the principal is being amortized downward. This reduction can be viewed as interest expense reducing the 5.25% interest income, and the interplay of these figures provides the bondholder the net 4.22% yield. The 4.22% yield is only achieved if the non-callable bond goes to maturity at which time the premium paid to acquire that coupon is fully amortized. The acceleration provision, as written, in effect truncates the present value sum of these annual values as calculated through the original maturity and thus truncates principal. In the end, it does not appear that the insurer is fully indemnifying this bondholder – keeping them whole, which is not the case with bonds issued at par or CABs. That is why commonly accepted definitions of principal include basis and yield, because funds invested or borrowed do not always equal the face amount of a loan.

**Tax Cost:**

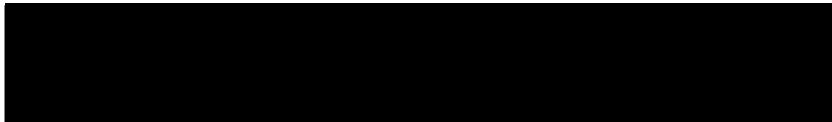
This assertion is consistent with how a bondholder's tax basis is calculated. Again, using an effective or acceleration date of 6/1/22 at a price of 100% of principal or face/par, bond A's tax basis is par. In example B, the CAB, the bondholder's tax basis is the initial principal plus accretion at the 4.58% original compounding rate. For bonds A & B, there is no gain or loss because the bondholder is kept "whole" as the original quoted and insured yield is realized up to the acceleration date. In example C, however, the bondholder would have a capital loss of \$115.30 per \$1,000, representing the unamortized principal. *Again, this assumes that the PSAs are defining principal as a bond's par or face value.*

**Anecdote:**

In thinking about the definition of "principal", I note that the *insured portion* of the 2007 Series CC bonds (cited example included) had a total par/face or "principal" value of approximately \$238 Million. In turn, that \$238 Million *purchased* \$277 Million of face/par/principal of government bonds to pre-refund HTA 1996 series Y bonds. But \$238 Million does not equal \$277 Million, so how does one reconcile this for the purposes of defining principal – only by correctly defining principal as the amount invested or borrowed. At the time of issue, the HTA could have easily priced the \$277 Million bonds at par, to yield a 4.22%, and with respect to the PSA acceleration provision the investor would receive all their principal back and the 4.22% stated yield up to the acceleration date – just like the CABS. But the premium bonds do not seem like they will be treated this way with respect to the acceleration provision. To reiterate, the bonds were initially priced at a premium to par because the bond coupon of 5.25% exceeded the market rate of 4.22%. The principal or premium paid in effect buys up the coupon rate and the price level reflects not only the extent of that buy up, but the number of years that the bought up coupon pays – length to maturity. As the acceleration provision appears to eliminate the remaining years that the higher coupon is paid, it also shortchanges the amount of principal invested. Put another way, a portion of the above market 5.25% coupon payment represents a return of capital or principal. If acceleration eliminates the coupon payments due over the remaining life of this non-callable bond, then an investors capital or principal is not repaid, and a large capital loss occurs. This is not the case with bonds originally issued at par or as CABS which are both kept "whole".

In conclusion, I hope this paper prompts a review of the acceleration provision for insured bonds that is found in various PSAs. And, that beneficial holders of non-callable bonds, originally issued at a premium to par, are made whole and receive treatment equal to that of par bonds and CABS.

Glenn E Ryhanych, CFA  
President, BlueList Partners, LLC



**BLUELIST**

Partners, LLC

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Clerk's Office  
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San Juan, PR 00918-1767

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FOREVER / USA

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**SwainDPRCorresp NYSD**

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**To:** NYSD Swain Corresp  
**Subject:** RE: LUMA Energy Consortium Contract with Puerto Rico Power Authority

**From:** Leyda Mercado [REDACTED]  
**Sent:** Tuesday, September 28, 2021 12:26 PM  
**To:** NYSD Swain Corresp <[SwainNYSDcorresp@nysd.uscourts.gov](mailto:SwainNYSDcorresp@nysd.uscourts.gov)>  
**Subject:** LUMA Energy Consortium Contract with Puerto Rico Power Authority

**CAUTION - EXTERNAL:**

Hon. Judge Taylor Swain

I am Leyda Mercado, a Puerto Rican lady of 61 years old. I worked every day to sustain my home. I am seeing the politics of Puerto Rico, in my sight, playing with excuses about LUMA Energy Consortium Contract with Puerto Rico Power Authority. We do not have electricity service twice a day. LUMA is asking for an increase in the cost of it. Last week the president of LUMA said that it will take ten years to make the changes they were contracted for. As a client of the Puerto Rico Power Authority and LUMA Consortium I have many questions that no one is answering.

Would be possible for you to check this contract? I feel that no one in Puerto Rico is saying the truth. We feel that non the Governor, non LUMA, and non PR Power Authority are saying the truth. Could you take the time to read the contract and explain what is going on? Is this contract the one that really will make possible the changes that need to be done? Are they going to do it or not? We do not see a plan to do it. No one defense the Puerto Rican people. Please, help me to understand. What else needs to be done in order that the Government and LUMA could do what they become mandatory to do? It is upsetting and puzzling this situation.

Thank you for your time and your help.

Leyda Mercado Cotto

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## SwainDPRCorresp NYSD

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**To:** NYSD Swain Corresp  
**Subject:** RE: Judge Swain - Puerto Rico is unfair

-----Original Message-----

From: Carmencita Vargas [REDACTED]  
Sent: Tuesday, September 28, 2021 11:05 PM  
To: NYSD Swain Corresp <SwainNYSDcorresp@nysd.uscourts.gov>  
Subject: Judge Swain - Puerto Rico is unfair

CAUTION - EXTERNAL:

I was a teacher for 33 years. At the end of those years (on 2012) I decided to retired in order to keep my benefits and most of all, the health insurance benefit. I enjoyed teaching. I had 16 absences on those years. Recollecting money I took my students to different places in the island and in mainland.

I paid every month for my retirement plan.

I didn't have family. I don't have any kind of help for my financial expenses. I'm asthmatic, I have issues with my eyes and most of all, I need medicines for my blood pressure and other health issues.

Actually I have a monthly pension of \$ 2059 before the deductions. My net earnings are \$910.

I pay \$ 912 for the mortgage. I don't have an auto loan, but between water, electricity, telephone, internet and health insurance I pay \$455. I live in a condominium so I have to pay \$95 for maintenance.

I keep every electric appliance out of the outlets (except for the refrigerator) to save for the electricity bill. Until January 2021 I payed \$41, cooking once a day, I don't have washing machine, nor dryer. I even don't have a microwave or and a/c. The breaker of the water heater is off all the time. That's the way I saved for that bill.

Since June 2021 I still doing the same at home, but the electricity bill is double. The company named LUMA every month add more money and I don't understand.

Now, for this month I'm paying \$ 82 with the same use.

I go to a church and I want to do my offerings but it's been difficult now.

The food cost is getting higher each month, they said that is because of the pandemic. I don't buy cloth since two years ago.

Now, the Financial Board by Promesa Law is programming a reduce of my pension. For me it will be very difficult to pay for my expenses with a reduce monthly pension, an even live. And I want to live some more years.

I will have to decide between medicines, food o paying water and electricity. No recreation or travels. Not even go to a theater.

After many years of working in a low income community (92% of my students were below the poverty line) I'm finding myself more poor. At least they have a housing apartment for almost free, a very low electricity bill and food stamps. I used to buy school materials for my students because the government didn't provide.

I'm writing this letter with tears on my eyes and fear in my heart for what is coming if the living cost still going up and my pension is going down.

While I was working and paying my retirement plan, with confidence, the government officials were using the money for their interests. The deceived me. And now I have to pay for what others did. Isn't it unfair?

The whole population will be paying double or more of electricity bills while the government officials are living in DC, NY and other places enjoying their lives without fears, like we teachers, policemen and other public servants do, and by the way, with lowest salary of the United States. Do you know that we had the lowest teachers salary? And now the lowest pensions? That we didn't pay for social security? I'm 66 years old. Will there be a job for me when my pension is reduced? We don't qualify for public housing, we don't qualify for public health insurance or food stamps.

Between the rich and the poorest, we are in the middle of nothing and nowhere.

I just wanted to let you know where I am heading. To loose my house or live without the utilities. I don't want to think if something break, like refrigerator or stove.

Well. That's my situation. And I know there are others in worst situations.

Thank you if you take the time to read this. Just pray for me. Pray for us, if you have a faith.

Thank you.

Carmen Vargas

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[REDACTED]

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**From:** SwainDPRCorresp NYSD  
**To:** NYSD Swain Corresp  
**Subject:** RE: Thank you from Puerto Rico

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**From:** Mike Fellman [REDACTED] >  
**Sent:** Thursday, October 21, 2021 1:05 PM  
**To:** NYSD Swain Corresp <[SwainNYSDcorresp@nysd.uscourts.gov](mailto:SwainNYSDcorresp@nysd.uscourts.gov)>  
**Subject:** Thank you from Puerto Rico

**CAUTION - EXTERNAL:**

Greetings,

As a Puerto Rican and an American, I would like to personally thank Judge Swain for her fair and judicious oversight of the PROMESA title III bankruptcy process. Taking on the largest bankruptcy in US history is a long and thankless task, and certainly won't win you any popularity contests. As a US citizen, I am proud to be able to say someone of Judge Swain's expertise, lifelong dedication to public service, and commitment to upholding the law has overseen this arduous process as it nears its conclusion. Americans like Judge Swain are what make this country great.

From the bottom of my heart, thank-you.

Sincerely,

Mike Fellman

Bayamon, Puerto Rico

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